



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012



MARK J. SALADINO
TREASURER AND TAX COLLECTOR

TELEPHONE
(213) 974-2101

FACSIMILE
(213) 626-1812

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

March 23, 2010

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The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

REVISE TREASURER AND TAX COLLECTOR FEES FOR TAX DEFAULTED SECURED PROPERTY (ALL DISTRICTS) (3 VOTES)

SUBJECT

The Treasurer and Tax Collector (TTC) has determined, as part of an on-going review of fees charged, that two fees related to the administration and sale of tax defaulted secured property do not recover the TTC's actual costs. Specifically, the current Parties of Interest Notification Fee, which is a statutorily required notification prior to the auction of tax defaulted properties, is \$270 per parcel. Based on a recent cost study, approved by the Auditor-Controller, a fee of \$645 is necessary to recover actual costs. As well, the current Title Search Fee is \$60 per parcel. However, through a competitive solicitation process, your Board recently approved a new Contract with a fee of \$95 per parcel. Therefore, County Code Section 4.64.150 needs to be updated to reflect this revised fee.

IT IS RECOMMENDED THAT YOUR BOARD AFTER THE PUBLIC HEARING:

1. Increase the Parties of Interest Notification Fee from the current fee of \$270.00 per parcel to \$645.00 per parcel which allows the TTC to fully recover actual costs for obtaining names and addresses and mailing mandatory notifications to property owners and parties of interest impacted by the public auction of tax defaulted secured properties that are subject to the power of sale.
2. Increase the Title Search Fee from the current fee of \$60.00 per parcel to \$95.00 per parcel to allow full recovery of the actual costs incurred by TTC under a

Board approved Contract with Pacific Corporate & Title Services, Inc. (PCTS) for title investigation and reporting services (Contract Number 77202).

3. Adopt the attached ordinance (Attachment I) amending Section 4.64.150 - Title Search and Party of Interest Notification Fees, to revise the fees related to the notification process for tax defaulted properties subject to auction.

PURPOSE / JUSTIFICATION OF RECOMMENDATION

Tax defaulted parcels subject to sale have been assessed a Parties of Interest Notification Fee of \$270.00 since 2005. TTC conducted a cost study to determine the actual costs incurred which was reviewed and approved by the Auditor-Controller. The study included an analysis of the number and scope of personnel involved in the process, employee salaries and benefits, necessary supplies and equipment utilized, related overhead and direct costs such as postage and mailing services. Based on increases in labor, postage and mailing service costs, the \$270.00 fee is no longer sufficient to recover the actual costs incurred by TTC. Accordingly, an increase to the Parties of Interest Notification Fee is warranted. In addition, through a competitive solicitation process, a new Contract was recently adopted by your Board that increased the contracted title search fee from the 2004 rate of \$60.00 per parcel to \$95.00 per parcel.

Government Code section 54985(a) authorizes the Board of Supervisors to increase statutory fees, if not otherwise prohibited, in an amount reasonably necessary to recover the actual costs incurred in performing these services and/or enforcing these provisions. Accordingly, TTC recommends that your Board increase these statutory fees in order for TTC to recover actual costs.

Implementation of the Strategic Plan

Goal No. 1: Operational Effectiveness: Maximize the effectiveness of processes, structure and operations to support timely delivery of customer-oriented and efficient public services.

Goal No. 1/Strategy 1: Fiscal Sustainability: Promote sound, prudent and transparent short- and long-range fiscal policies and practices that help ensure maintenance of critical, high priority County public services regardless of cyclical economic conditions.

FISCAL IMPACT / FINANCING

Increasing the Title Search Fee to \$95.00 per parcel and the Parties of Interest Notification Fee to \$645.00 per parcel will result in a full recovery of actual Departmental costs in providing the required research and notices.

FACTS AND PROVISIONS / LEGAL REQUIREMENTS

Background

Generally, tax defaulted non-commercial real property may be sold at public auction after five (5) years or more have elapsed since the initial default occurred for non-payment of property taxes and the property owner has not redeemed the parcel. However, for nonresidential commercial property and property subject to certain nuisance abatement liens, the TTC has the power to sell the real property at public auction three (3) or more years after the property has become tax defaulted.

Pursuant to Revenue and Taxation (R&T) Code Section 3701, the County is directed to mail notices prior to a public auction of any tax defaulted property to all parties of interest, as defined by R&T Code Section 4675. R&T Code Section 4675 defines a party of interest as any party who is a lien holder of record and/or any person with title of record to all or any portion of the property, prior to the recordation of the tax deed. In order to comply with these notice requirements, TTC must identify property owners and/or parties of interest of each parcel and make an effort to provide notice, by certified mail, to each of the parties prior to the sale of the tax defaulted property. R&T Code Section 4112, allows us to recover our cost.

Title Search and Party of Interest Notification Fee

County Code Section 4.64.150 provides for a fee of \$60.00 per parcel, per title search. On December 15, 2009, your Board approved a new Contract with PCTS for a fee of \$95.00 per title search. In approving these recommended actions, your Board will allow TTC to fully recover the actual cost of \$95.00 paid under the adopted Contract.

In accordance with statutory provisions, the County is entitled to recover costs for obtaining the names and addresses and mailing notifications to parcel owners and parties of interest of tax defaulted secured properties prior to the proposed public auction. The new cost study concluded that the previous Board approved fee of \$270.00 no longer recovers actual costs and County Code Section 4.64.150 needs to be updated to reflect the actual costs incurred of \$645.00 per parcel. Approval of the recommendation will allow TTC to recover actual costs.

Review of Cost Analysis Methodology

The Auditor-Controller and County Counsel have reviewed the cost analysis and concur with the methodology and calculations utilized to derive the recommended per parcel fee of \$645.00. Additionally, County Counsel has prepared the attached ordinance (see Attachment I).

LEGAL REQUIREMENTS

Pursuant to Government Code Section 66018, a public hearing is required prior to the approval of a change to an existing fee. A notice of Public Hearing is to be published by the Executive Office of the Board of Supervisors in accordance with Government Code Section 6062(a). Subsequent to this action, the Executive Office will notify the public of these ordinance changes as required by Government Code Section 25124.


IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed fee revisions will not impact current services.

CONCLUSION

Instruct the Executive Officer-Clerk of the Board to return two (2) adopted copies of this Board Letter and the attached Ordinance to the Treasurer and Tax Collector.

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

MJS:KK:evt

Attachments

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller